

SHIRE OF



ANNUAL REPORT 2017–2018



Strengthening our community now to grow and prosper into the future

www.corrigin.wa.gov.au

Introduction to Shire of Corrigin

The Shire of Corrigin is located in the Roe Region of Western Australia's Wheatbelt approximately 2.5 hours drive east of Perth.

Corrigin is a vibrant country community founded on broad acre farming.

Corrigin provides a range of services to meet the community's needs including education, health, recreation facilities and affordable land and housing.

Shire of Corrigin Statistics	
Distance from Perth	234 km
Area	3,095 square km
Length of Sealed Roads	405.4 km
Length of Unsealed Roads	767.6 km
Population	1,146 (Source: ABS 2016 Census)
Number of Electors	835
Number of Dwellings	558 (Source: ABS 2016 Census)
Total Rates Levied	\$2,479,028
Total Revenue	\$8,767,627
Number of Employees	30 FTE



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Contents

Introduction to Shire of Corrigin.....	1
Contents	2
President's Report	3
Chief Executive Officer's Report	4
Councillors	6
Management Team.....	7
Strategic Community Plan.....	9
How the Strategic Community Plan will be used	10
Strategic Community Plan 2017/18 – Progress.....	11
Major Projects 2017/18	23
Road Program	24
Future Road Program 2018/19.....	24
National Competition Policy	25
Freedom of Information.....	25
Records Management.....	25
Disability Access and Inclusion Plan (DAIP).....	26
Employee Remuneration Disclosure	26
Public Interest Disclosures.....	26
Local Government (Rules of Conduct) Regulations 2007 - Complaints Register	27
Annual Financial Report.....	28

President's Report

I am pleased to be bringing you my 9th Annual Report which concerns the Financial Year 2017-2018.

During the past year Council had some major staff changes as well as a Council Election.

Our previous Chief Executive Officer, Rob Paull submitted his resignation to take up a position with the Shire of Ashburton with his last day in Corrigin being early January. Council had previously called for applications for the CEO's position and had appointed Mrs Natalie Manton who started her employment with us in March 2018. We believe that we have made an excellent choice.

Our Deputy CEO, Taryn Dayman, accepted a position as CEO at the Shire of Wyalkatchem and her last day with us was in June. Council will re-advertise for the Deputy CEO Position at a later date.

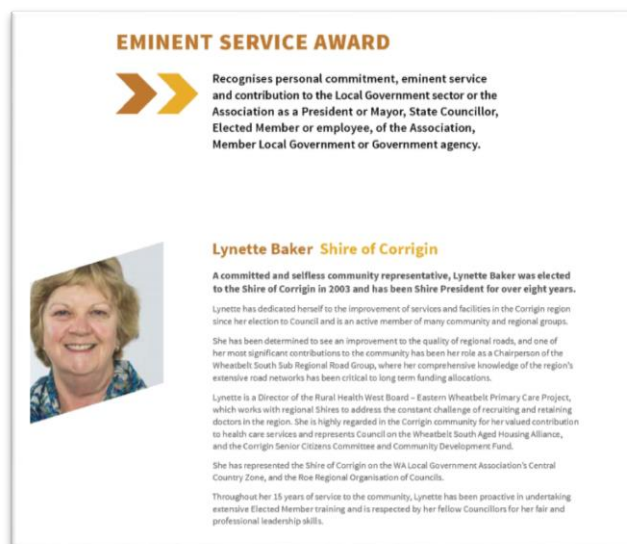
Council Elections took place last October with Cr Des Hickey and Cr Matt Dickinson being re-elected unopposed. Cr Rick Gilmore was also elected unopposed, leaving one vacant seat. Council held an extraordinary meeting which saw Cr Janeane Mason returned. Their terms expire in October 2021. In January, Cr Brian Praetz resigned to take up employment interstate and another extraordinary election was held, with Cr Mike Weguelin returning to the table after an absence of two years. His term expires in October 2019.

During the year Council reviewed the Shire of Corrigin Local Laws relating to Health; Animals, Environment and Nuisance; Trading in Public Places; Fencing; Standing Orders; Swimming Pool Memorial; and Pest Plants and retained, without amendment, the local laws relating to Health; Trading in Public Places; and Pest Plants. We progressed the adoption of a Shire of Corrigin Animal, Environment and Nuisance Amendment Local Law. This has been a slow process due to the procedures required to enable the adoption, but has now been completed.

Our new CEO, Mrs Manton, has had a very busy few months familiarising herself with the Shire of Corrigin. She has faced a number of challenges, not the least being the completion of our annual budget for 2018-2019 following the departure of the previous DCEO. However, with some outside assistance the Manager of Finance has brought that down on time.

My very grateful thanks to the CEO Mrs Manton, the Manager of Finance, Catherine Ospina Godoy, and the Manager of Works and Services, Greg Tomlinson and all of our staff for their dedication to our community and the manner with which they carry out their duties for us.

Cr Lynette Baker President



Chief Executive Officer's Report

It is my pleasure to present the 2017/2018 Annual Report to the residents and ratepayers of the Shire of Corrigin.

Firstly I would like to thank the community for welcoming me to Corrigin and providing great support. Having lived in the Shire of Corrigin for the past 22 years, and being a user of the wonderful facilities, services and businesses' in the town, I had a good understanding of the Corrigin community but have enjoyed learning more about the operations of the Council.

The Shire administration and works teams continued to focus on the delivery of services to the community and completed several capital projects during 2017/18. Building upgrades were completed at the dental surgery and the new depot office was finished. The computer server at the administration office was replaced and upgrades to the Bullaring and Bulyee fire sheds were completed during the year. New water tanks and standpipe controllers were installed to store water from underground pumps in the town.

Corrigin boasts some of the Wheatbelt's best sporting and recreational amenities and these facilities were further enhanced during 2017/18 with the completion of the Corrigin Recreation and Events Centre car park sealing and new outdoor netball court. The oval lighting and reticulation were also upgraded during the year.

The Shire of Corrigin worked with the Shires of Narembeen, Kondinin and Kulin, as members of the Roe Regional Organisation of Councils, to renegotiate a seven year contract with Avon Waste for rubbish removal. Changes were made to the arrangements for the collection of glass following a downturn in the market for recycled glass.

Work continued during 2017/18 on repairing the damage to roads, floodways and culverts resulting from the significant rainfall event and flooding in January/February 2017. The work is expected to be completed by April/ May 2019 and approximately \$6.3million will have been spent on the project once it has been finalised.

The defects in the roof panels and water leaks at the Corrigin Recreation and Events Centre has been an ongoing issue throughout the year. The matter is the subject of ongoing dispute between the builder and manufacturer of the roof panels and we look forward a resolution in the near future.

Over the past 12 months the Shire of Corrigin has focussed on matters relating to governance, compliance, and transparency while maintaining a focus on customer service. I am grateful for the support of the staff lead by the Manager of Works, Greg Tomlinson, and Manager of Finance, Catherine Ospina Godoy. They have worked hard throughout the year to ensure that the services delivered by the Shire of Corrigin meet the community expectations.

The Shire of Corrigin has a significant number of employees with a long and loyal service to the Corrigin community which is both commendable and appreciated. This year Mr Greg Tomlinson celebrated the milestone of working at the Shire of Corrigin for 35 years. An amazing achievement.

Following the departure of the Deputy CEO in June I elected not to fill the position after consideration of the applicants and plan to support the existing staff with mentoring, training and leadership opportunities to increase their skills and knowledge. Consultants were contracted to provide expertise and ensure that the Shire of Corrigin meets all of its legislative, governance and compliance requirements.

Small changes were made during the year to the operations of the administration with the venue hire moving across from the Community Resource Centre (CRC) to the main shire office and library moving from the Corrigin Post Office to the CRC. Thank you to Wendy and Corrigin Post Office for providing the library service over the years.

During 2017/18 we commenced negotiating a new Enterprise Agreement that is expected to be completed in early 2019.

I would like to extend my appreciation to all elected members and particularly the Shire President Cr Lyn Baker for their support as I settled into the role of CEO. Congratulations to Cr Lyn Baker for her Eminent Service Award presented at the WA Local Government Association conference in recognition of her service to the community and local government.

I look forward to exciting and new projects planned for the future to ensure that Corrigin continues to be a thriving country community.

Natalie Manton
Chief Executive Officer



Councillors

Lynette Baker
President

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Des Hickey
Deputy President

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Rick Gilmore
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Michael Weguelin
Councillor

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Term Expiry: 2019



Management Team

Chief Executive Officer
Mrs Natalie Manton



Manager Finance
Miss Catherine Ospina Godoy

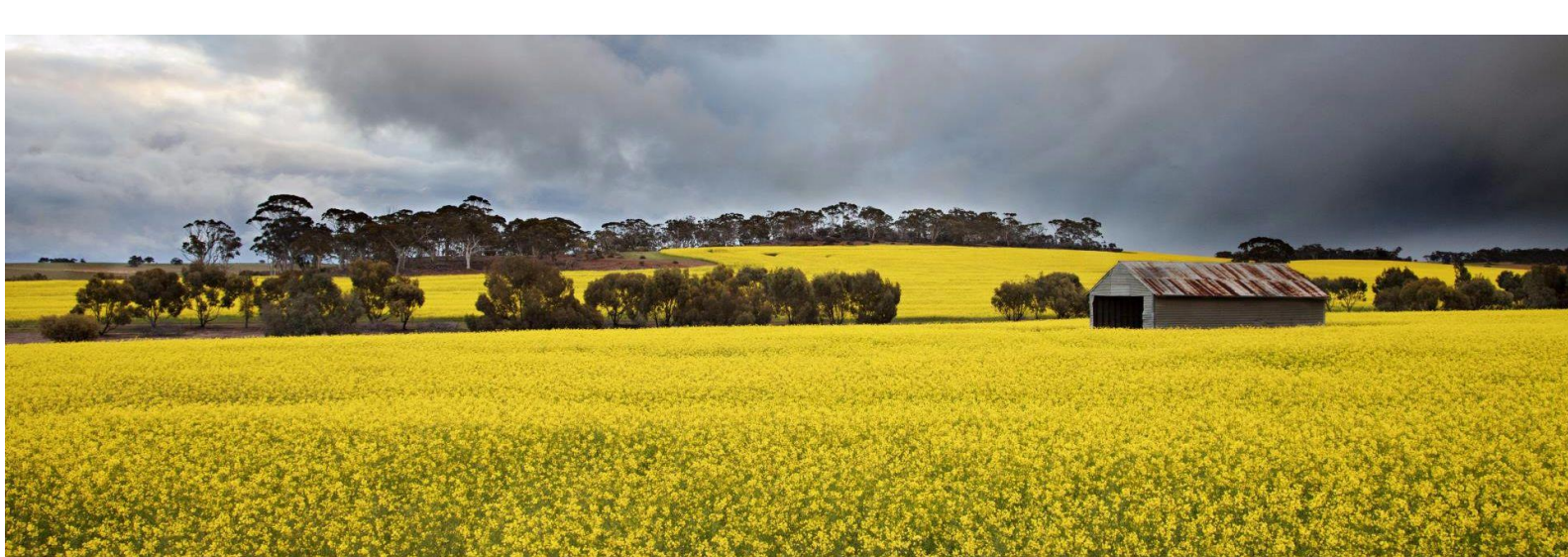


Manager Works & Services
Mr Greg Tomlinson



Corrigin – strengthening our community now, to grow and prosper into the future

The Shire of Corrigin comprises a diverse range of people, communities and landscapes. The vision captures the diversity of the area and has been developed with a range of input received through the community engagement process. It reflects clear community aspirations for the ten-year period of the Strategic Community Plan.



Strategic Community Plan

The Strategic Community Plan 2017– 2027 was adopted by Council in June 2017 and provides guidance on the strategic direction for the delivery of services to the Corrigin community.

Integrated Planning and Reporting Framework

All Western Australian local governments are required to prepare a Plan for the Future for their district under Section 5.56(1) of the Local Government Act 1995. The Plan for the Future comprises the following two key strategic documents, which a local government is required to have regard for when forming its annual budget.

Strategic Community Plan – The 10-year strategy and planning tool for the shire. It is the principal guiding document for the remainder of the Shire's strategic planning as community engagement is central to this Strategic Community Plan.

Corporate Business Plan – A four year ear planning document. The core components of this Corporate Business Plan include a four year delivery program, aligned to the Strategic Community Plan and accompanied by financial projections.

Development of the Strategic Community Plan and Corporate Business Plan was undertaken in accordance with the Integrated Planning and Reporting Framework and Guidelines. An essential element of the Integrated Planning and Reporting process is to enable community members and stakeholders to participate in shaping the future of the community and in identifying issues and solutions. It is designed to articulate the community's vision, aspirations, outcomes and priorities for the future of the district.

Importantly, the Strategic Community Plan and Corporate Business Plan are informed by several other key plans and processes. The connection between the community and the Shire's strategic plans, annual budget and corporate documents developed to guide the Shire in delivering services to the community are shown in the diagram below. The term of each key plan is shown in the blue circles.

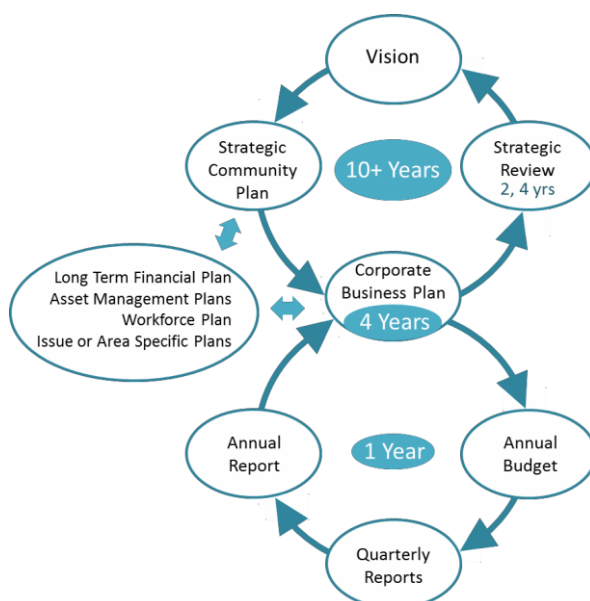


Diagram: Integrated Planning and Reporting Cycle²

¹ Local Government (Administration) Regulations 1996, Paragraph 19BA.

² Department of Local Government and Communities, Integrated Planning and Reporting: Framework and Guidelines, September 2016

How the Strategic Community Plan will be used

The Strategic Community Plan outlines how the Shire will work towards a brighter future for the Shire of Corrigin community as it seeks to achieve its vision inspired by the community's aspirations. The Strategic Community Plan will influence how the Shire uses its resources to deliver services to the community and forms the primary driver for all other planning undertaken by the Shire.

The Shire of Corrigin intends to use the Strategic Community Plan in several ways, including:

- Guide Council priority setting and decision making;
- Be a mechanism for the ongoing integration of local planning initiatives;
- Inform the decision making of other agencies and organisations, including community and State Government;
- Provide a rationale to pursue grants and other resources by demonstrating how specific projects align with the aspirations of our community, within the strategic direction of the Shire;
- Inform potential investors and developers of our community's key priorities, and the way we intend to grow and develop;
- Engage local businesses, community groups and residents in various ways to contribute to the Shire's future; and
- Provide a framework for monitoring progress against our vision.

The strategies are prioritised and actions identified through the development of a Corporate Business Plan after consideration of the available resources. Strategic performance indicators are used to report back to the community on the Shire's performance in achieving the outcomes.



Strategic Community Plan 2017/18 – Progress

After the adoption of the Strategic Community Plan in June 2017, and major review of the Corporate Business Plan was completed, identifying actions required to align with the newly adopted plan. The revised Corporate Business Plan was adopted in July 2017.

The progress on the Strategic Community Plan are outlined as follows:

Economic - A Strong, diverse economy supporting agricultural, local business and attracting new industry

Outcome 1.1 – A well planned and connected transport and communication network within the district.				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
1.1.1	Develop and implement road asset management plans	1.1.1.1	Develop a road asset management plan including network hierarchy and service levels.	A draft plan is proposed and will be referred to Council for consideration in 2019.
		1.1.1.2	Develop a footpath management plan, including hierarchy and service levels.	Collection of footpath data has been completed to assist in development of a footpath management plan.
		1.1.1.3	Road asset management plan and footpath management plan to be incorporated in the review and expansion of the Asset Management Plan (AMP).	Asset Management Plan was reviewed in 2018.
		1.1.1.4	Road asset management plan and footpath management plan to be implemented through road works program.	Road Asset Management Plan to be developed in 2018.
1.1.2	Maintain transport network in line with asset management plans	1.1.2.1	Prepare and review an annual Road Works Program for a minimum of a 10 year period outlining future capital renewals, upgrades and expansions within Councils available funding aligned to asset management plan.	10 year Roads Works Programs to be developed as part of budget preparations.
		1.1.2.2	Prepare and review an annual Footpath Works Program for a minimum of a 4 year period outlining future capital renewals, upgrades and expansions within Councils available funding aligned to asset management plan.	Footpath management plan is currently being developed.
		1.1.2.3	Advocate for the Secondary Freight Project.	Supported Wheatbelt local governments in the Secondary Freight Project.
1.1.3	Lobby for improved telecommunications infrastructure to service the district	1.1.3.1	Advocate for improved telecommunications within the district by identifying and reporting 'black spots'.	Communicated blackspots to the Federal Government and local member of Parliament as well as reduced levels of coverage from existing towers.
		1.1.3.2	Advocate for improved communications infrastructure by lobbying stakeholders to meet the needs of the district	Advocated for the upgrade of local exchanges and towers.

Outcome 1.2 – Adequate land availability for development				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
1.2.1	Identify appropriate land available for development	1.2.1.1	Identify appropriate land and provide the opportunity for additional industrial land and lifestyle lots to encourage the expansion of industrial & retail business, including a review of the Town Planning Scheme.	Encouraged and considered rezoning's/applications that encourage the expansion of industrial and retail business.
1.2.2	Review Local Town Planning Scheme	1.2.2.1	Update the Shire of Corrigin Planning Scheme to allow increased residential density by changing classifications from R12.5 to R17.5.	Draft planning scheme amendment to review the residential density provisions in Corrigin was prepared and considered by Council in mid-2017. The amendments were referred to the Minister for Planning for final approval.
		1.2.2.2	Provide, maintain and review Town Planning Scheme to support development along with orderly and proper planning.	To be addressed when Council reviews its Local Planning Scheme No. 2.

Outcome 1.3 Well supported diverse industry and business				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
1.3.1	Develop and implement an Economic and Tourism Strategy for the district	1.3.1.1	Develop an affordable Economic and Tourism Development Strategy for the District based on Regional Opportunities.	Economic and Tourism Strategy developed with community input.
		1.3.1.2	Implement Economic and Tourism Develop Strategy.	Key strategies identified in the Economic and Tourism Develop Strategy considered in the 2018/19 budget.
		1.3.1.3	Economic and Tourism Develop strategies, programs and initiatives to be incorporated in Long Term Financial Plan and annual budgets.	Key strategies identified in the Economic and Tourism Develop Strategy considered in the 2018/19 budget. Strategies incorporated within the Long Term Financial Plan.



Environmental - An attractive natural and built environment for the benefit of current and future generations

Outcome 2.1 A natural environment for the benefit and enjoyment of current and future generations				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
2.1.1	Manage the natural environment within available resources	2.1.1.1	Develop a Natural Resource Management Plan, including the identification of unique natural resources.	Natural Resource Management Plan currently under development.
		2.1.1.2	Natural Resource Management strategies, programs and initiatives to be incorporated in Long Term Financial Plan and annual budgets.	Natural Resource Management Plan currently under development.
		2.1.1.3	Implement Natural Resource Management Plan.	Natural Resource Management Plan currently under development.
		2.1.1.4	Provide adequate infrastructure which allows the enjoyment of Council's natural resources, including reserves, but does not cause harm to the area.	Provided infrastructure which allows the enjoyment of natural resources and protection of the asset for future generations.
		2.1.1.5	Support the local agricultural section by lobbying stake holders to address local concerns and issues facing the industry now and into the future.	Supported Corrigin Farm Improvement Group.

Outcome 2.1 A natural environment for the benefit and enjoyment of current and future generations				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
2.1.2	Provide effective and efficient waste management services	2.1.2.1	Maintain an effective and efficient transfer station that allows for expansion and rehabilitation.	A well maintained and efficient waste transfer station was provided.
		2.1.2.2	Provide a suitable area for green waste disposal	Green waste disposal facility was well maintained and new signage erected.
		2.1.2.3	Provide an effective and efficient recycling service, including the collection of glass and cardboard	Fortnightly recycling service provided by Avon Waste.
		2.1.2.4	In collaboration with neighbouring local governments, maintain a waste disposal site that allows for expansion and rehabilitation.	In partnership with RoeROC Shire's, Council continues to operate a regional waste disposal facility that allows for both expansion and rehabilitation.
2.1.3	Collaborate with community groups to enhance the natural environment	2.1.3.1	Identify environment educational programs and engage with suitable agencies for the delivery of such programs.	Continued interaction with the Corrigin District High School 'Bushrangers'.
		2.1.3.2	Work in collaboration with groups and organisations to deliver projects and programs that promote and protect the District's natural resource.	Worked in collaboration with Corrigin Farm Improvement Group and local residents.



Outcome 2.2 A well-managed built environment				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
2.2.1	Review and implement asset management plans within available resources	2.2.1.1	Assess Council's built environment current condition and establish future capital and maintenance requirements to meet required service levels.	Buildings were well maintained and work commenced on future capital works program to be finalised in 2019
		2.2.1.2	Maintain and review Asset Management Plans for Council's built environment.	Asset Management Plan (o be reviewed in 2019.
		2.2.1.3	Asset Management Plan for Council's built environment to be incorporated into Long Term Financial Plan.	Long Term Financial Plan adopted in Sept 2018 and included plans for building upgrade and renewals.
		2.2.1.4	Manage existing building and structures to ensure they are safe and comply with legislative requirements.	Building maintenance program provides for well-maintained facilities that are safe and comply with legislative requirements.
2.2.2	Maintain the integrity of heritage buildings within available resources	2.2.2.1	Identify and update Municipal Heritage Inventory and Conservation Plans.	Draft report receive on Review of Municipal Heritage Inventory to be adopted by Council in 2019.
		2.2.2.2	Municipal heritage inventory and conservation plans to be identified and incorporated into Asset Management Plan and Long Term Financial Plan.	Plans were reviewed in 2018.
2.2.3	Enhance and maintain our townscape	2.2.3.1	Manage and maintain the Council's parks, gardens and open space at appropriate service levels and standards.	Parks, gardens and open spaces were maintained to a high standard. Positive feedback from community was received.
		2.2.3.2	Manage and maintain Council's townscape infrastructure, both natural and built to enhance the appearance and services of the townscape within the district.	Townscape infrastructure was managed and maintained to a high standard.
		2.2.3.3	Townscape enhancement projects and initiatives incorporated in Long Term Financial Plan.	Townscape infrastructure included in Long Term Financial Plan.



Social - An effectively serviced, inclusive and resilient community

Outcome 3.1 An inclusive, welcoming and active community				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
3.1.1	Work in partnership with community and sporting groups	3.1.1.1	Provide support in leadership and governance of local sports clubs and groups.	Supported CREC Advisory Committee and attended meetings. Assisted the Corrigin Bowling Club with the installation of artificial greens.
		3.1.1.2	Assist sport and recreation clubs in accessing grant funding opportunities.	Provided information on funding opportunities via newsletters and community group network.
3.1.2	Continue to provide infrastructure to support social wellbeing of the community	3.1.2.1	Provide well serviced and maintained infrastructure that can be utilised by the community for the provision of social and wellbeing activities in accordance with asset management plan.	Provided well-maintained infrastructure that enabled community social and well-being activities.
3.1.3	Facilitate, encourage and support community events	3.1.3.1	Promote and support local events with emphases on events that promote visitation of the Shire.	Supported major local events financially and with staffing resources. Promoted major local events through its Facebook and website.
		3.1.3.2	Engage and facilitate the community to encourage the establishment and continuation of local events.	Encouraged clubs and groups to undertake local events.



Outcome 3.1 An inclusive, welcoming and active community				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
3.1.4	Collaborate with emergency service and community volunteers	3.1.4.1	Engage with the community, in particular volunteers and volunteer organisations to establish how the community can ensure a going sustainable volunteer services / roles within the community.	Ongoing involvement with the Bush Fire Brigades, and directly engage in the Museum, Tidy Towns, Senior Citizens, St John Ambulance and emergency service and community volunteers.
		3.1.4.2	Continue to lobby the key stakeholders to ensure the necessary support is provided for volunteer services who support Corrigin.	Lobbies federal and state politicians regarding aged care service providers and importance of telecommunications for emergency service volunteers. Supported Seniors Citizens. Tidy Towns, Agricultural Society, sporting clubs, P&C speedway and many more community and volunteer organisations during the year.



Outcome 3.2 A community for all ages				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
3.2.1	Implement Aged Friendly Community Plan	3.2.1.1	Undertake programs, strategies and initiatives from Aged Friendly Community Plan and incorporate them into the Asset Management Plans and Long Term Financial Plan.	Involvement with Wheatbelt South Aged Housing Alliance (WSAHA) to obtain funding to build aged housing units. Aged housing in long term financial plan.
		3.2.1.2	Services and facilities within the Shire provides for an aged friendly community.	Footpath program to provide better access for gophers. Local medical and dental services reduce need for travel for medical and dental appointments.
		3.2.1.3	Collaborate with key stakeholders for the provision of sustainable aged care facilities and services.	In partnership with a number of adjacent local governments the WSAHA Aged Housing Project has been progressing with the aim of securing funding for aged accommodation for the district.
		3.2.1.4	Support current and future groups and organisations for the provision of aged care facilities and services within the district.	Attended meetings and provided support to Corrigin Senior Citizen's Committee, Kelpies and Wogolin House
		3.2.1.5	Lobby stakeholders to ensure the necessary services to support aged care are accessible in Corrigin.	Met with local members of state and federal parliament as well as service providers regarding aged care services.



Outcome 3.2 A community for all ages				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
3.2.2	Collaborate with key stakeholders to encourage youth engagement	3.2.2.1	Collaborate with key stakeholders, including youth within the district to develop a youth strategy.	Council continues to support the local youth through ongoing liaison with the Corrigin District High School, Camp Kulin and Edna Stevenson education programs.
		3.2.2.2	Implement Youth Strategy for the district.	Initial discussions with Corrigin District High School on junior Council. Council support the local youth through financial support for students to attend Camp Kulin and promoted Stevenson scholarship program.
		3.2.2.3	Promote opportunities for youth development, employment and activities.	School holiday programs were provided through CRC.
3.2.3	Continue to support family services	3.2.3.1	Support current and future groups and organisations for the provision of family facilities and services within the district.	Provision of facilities and programs to facilitate increasing involvement and engagement of the community such as Corrigin Recreation and Events Centre, day care and support to community and sporting groups.
3.2.4	Ongoing support for the provision of health and associated services	3.2.4.1	Ensure that the residents have regular access to a medical practitioner and support the medical practitioner in the delivery of these services.	Council continues to provide support to the local medical practitioner to ensure the ongoing delivery of services.
		3.2.4.2	Work with neighbouring local governments, key stakeholders to have a collaborative approach to the provision of medical and allied health services to the region.	Council support for the provision of Primary and Allied Health services to the community, including advocating with state government and other key stakeholders for the improvement of health services to the district.
		3.2.4.3	Support the health services by lobbying stakeholders (to address local concerns and issues facing the industry now and into the future.	Council support for the provision of Primary and Allied Health services to the community, including advocating with state government and other key stakeholders for the improvement of health services to the district
		3.2.4.4	Representation on key Boards and associations for the delivery of health services to the district.	Council is represented on the Corrigin Local Health Advisory Group, St John Ambulance and Rural Health West.

Leadership- Strong Governance and Leadership

Outcome 4.1 A strategically focused dynamic Council serving the Community				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
4.1.1	Provide leadership, communication and active engagement with the community	4.1.1.1	Elected members provide strategic leadership for the benefit of the community.	Reviewed its Strategic Community Plan and Corporate Business Plan.
		4.1.1.2	Council is represented on key local organisations and provide feedback and advice to Council on their issues, programs and initiatives.	Elected members are represented on a number of key local organisations and attend meeting regularly.
		4.1.1.3	Develop and implement a community engagement strategy including community surveys, community reference groups and council representation on strategic community groups.	Reviewed its community engagement strategy as part of its review of the Community Strategic Plan.
		4.1.1.4	Provide a vibrant, up to date (contents and technology), user friendly website for both the Shire of Corrigin and CRC which proactively engages with residents.	Council's website has recently undergone an upgrade and utilises up to date technology and information.
		4.1.1.5	Use print, electronic and social media to inform residents of key decisions, options considered and any implications of decisions.	Council updates the community of key decisions by the use of social media, electronic and print newsletters and on Council's website.
4.1.2	Undertake strategic planning and ensure legislative compliance	4.1.2.1	Review Council's Community Strategic Plan to ensure it remains aligned to the community's vision, aspirations and desired outcomes.	Community Strategic Plan was reviewed in June 2017.
		4.1.2.2	Annual review of Council's policies and Corporate Business Plan.	Corporate Business Plan was reviewed in July 2018.
		4.1.2.3	Regular review of IPR documents and Informing strategies, including Long Term Financial Plan, Asset Management Plan and Workforce Plan.	Council reviewed Workforce Plan, Long Term Financial Plan and Asset Management Plan in September 2018
4.1.3	Maintain accountability and financial responsibility to ensure the stability of the Shire	4.1.3.1	Council to maintain financial stability.	Financial management systems and procedures are reviewed monthly
		4.1.3.2	Regular reviews of Council's LTFP to ensure the long term financial stability of the Shire.	Long Term Financial Plan reviewed in September 2018.
		4.1.3.3	Provide Council adequate and appropriate financial information on a timely basis.	Council is provided with detailed financial reports each month.

Outcome 4.2 An effective and efficient organisation				
Strategic Community Plan		Corporate Business Plan		
Outcome	Strategies	Action No.	Actions	Progress / Status
4.2.1	Review and implement the Workforce Plan	4.2.1.1	Review and implement the Workforce Plan.	Council reviewed the Workforce Plan in 2018.
		4.2.1.2	Workforce Plan to have resource consideration to the objectives of the Strategic Community Plan and Corporate Business Plan.	Council reviewed the Workforce Plan in 2018.
		4.2.1.3	Workforce plan strategies, programs and initiatives to be incorporated in LTFP and annual budgets.	Council reviewed the Workforce Plan in 2018.
4.2.2	Continue to improve operational efficiencies and provide effective services	4.2.2.1	Review delivery of services for operational and cost effective efficiencies.	Finance team and managers reviewed expenditure of key projects and services to identify savings.
		4.2.2.3	Set appropriate Fees and Charges for applicable services that promote the use of services and limits the reliance of rate funding.	Council reviewed the Fees and Charges during workshops prior to adoption in July 2018.
4.2.3	Maintain a strong customer focus	4.2.3.1	Review and implementation of Council's Customer Service Charter.	Customer Service Charter was adopted by Council.
		4.2.3.2	Provide a vibrant, up to date (contents and technology), user friendly website for both the Shire of Corrigin and CRC which proactively engages with residents.	Shire website recently upgraded and utilises up to date technology and information.
		4.2.3.3	Employ professional customer service workforce who have the required knowledge and training including the provision of adequate resources (intranet/policy / information on services etc.) to ensure a good standard of Customer Service.	Staff across the Shire deliver a strong customer focus to the ratepayers and residents of Corrigin.
4.2.4	Provide a positive and effective workplace	4.2.4.1	Develop and implement a workforce plan and appropriate human resource management policies and procedures to meet current and future workforce needs.	Workforce Plan reviewed in 2018.
		4.2.4.2	Provide a positive workplace that enables for the development and support of employees in delivering an effective and coherent workplace.	Encourage training and professional development to support existing loyal workforce. Social events provided opportunities for inside and outside staff to develop greater understanding of roles.

Major Projects 2017/18

Goyder Street Footpath



CREC Netball Court and Oval Lighting



Depot Office



Pool plant room and Expansion Joints



Road Program

Council undertook the following construction works as part of the works program for the 2017/18 financial year.

2017/18 Road Construction works			
Funding Regional Road Group Roads To Recovery Regional Bike Network WANDRRA	Road	Description of Works	Actual \$
	Corrigin Narembeen Rd	Reconstruct & widen	676,620
	Bulyee Quairading Rd	Widen Shoulders	524,270
	Goyder Street Footpath	Renew and widen footpath	150,514
	Various	Flood Damage	3,837,364

Future Road Program 2018/19

The Shire of Corrigin undertook an extensive assessment of the condition of the road network in June 2018 and will use this information along with traffic count data to prioritise future work and develop a 10 year road program. Funds have been allocated to the road program for the 2018/19 year as follows:

2018/19			
Funding State RRG Federal R2R Council Main Roads / Council WANDRRA	Road	Description of Works	Budget \$
	Corrigin Narembeen Rd	Reconstruct and widen	512,270
	Bulyee Quairading Rd	Widen Shoulders	171,213
	Footpath	Jose Street	80,000
	Drywell Road	Re sheet	148,605
	Fence Road	Widen shoulders to 10m	240,405
	Babakin Corrigin	Widen and reconstruct 3km to 7m seal	220,960
	Bulyee Road	Clearing and drains	250,000
	Various	Road maintenance	554,907
	Various	Flood Damage	3,837,364

National Competition Policy

This policy was introduced by the Commonwealth Government in 1995 to promote competition for the benefit of business, consumers and the economy by removing what was considered to be unnecessary protection of monopolies of markets where competition can be enhanced. It effects local governments as factors such as exemption from company and income tax or possible local regulations and laws may give local government a potential advantage over private contractors.

In respect to Council's responsibilities under to the National Competition Policy, the Shire reports as follows:

- No business enterprise of the Shire of Corrigin has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.
- Competitive neutrality has not applied to any activities undertaken by the Shire in this reporting period.
- No allegations of non-compliance with the competitive neutrality principles have been made by any private entity.
- The principles of competitive neutrality will be implemented in respect of any relevant activity undertaken during the next financial reporting period.

Freedom of Information

In complying with the *Freedom of Information Act 1992*, the Shire of Corrigin is required to prepare and publish an information statement.

The Shire of Corrigin's Information Statement is reviewed annually and is available via Council's website or at the Shire administration office. The information statement contains advice on the type of documents available to the public and how to access those documents.

The Shire received no Freedom of Information Applications in the 2017-18 reporting year.

Records Management

The Shire is committed to meeting the requirements of the *State Records Act 2000* which requires the Shire to maintain and dispose of all records in the prescribed manner.

The Shire transitioned to an Electronic Records Keeping System during the year, utilising Council's financial software SynergySoft. Retaining documents in an electronic records management system delivers best practice in recordkeeping and provides an efficient document processing service to meet customer needs and volume demands.

In accordance with the *State Records Act 2000* the Shire is required to have an approved Record Keeping Plan. The plan sets out matters about how records are created and how the Shire retains its records. The Shire's Record Keeping Plan was reviewed during the year and approved by the State Records Commission in August.

As part of the implementation of the new electronic records keeping system a comprehensive training program was undertaken for all staff who create, collect and use records. Informal training sessions were held throughout the year to ensure adherence to the State Records Act.

New employees were informed of their recordkeeping responsibilities as part of the Shire's Induction Program. New employees were given hands on training as part of their overall induction to the organisation.

Disability Access and Inclusion Plan (DAIP)

Since 1995 it has been a requirement under the *Disability Services Act 1993*, that all Western Australian Local Governments develop and implement a Disability Access and Inclusion Plan (DAIP) to improve access to their services for people with disability. The Act requires public authorities to lodge a DAIP to the Disability Services Commission. Council has an endorsed DAIP which was reviewed in December 2014. Council is required to report on our present activities as they relate to the seven desired DAIP outcomes. A review of the current DAIP is due in 2018-19 in preparation of a new five-year DAIP. This review will include community consultation through focus groups and feedback sought from people with disability, their families and carers, as well as local Disability Service Providers.

Since the adoption of the initial DAIP adopted in 2007, the Shire has implemented many initiatives and made significant progress towards ensuring the community is accessible and inclusive for people of all ages and abilities and continues with this commitment.

Employee Remuneration Disclosure

Regulation 19B of the *Local Government (Administration) Regulation 1996* requires the Shire to include the following information in its Annual Report:

- The number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more for 2017/18:

Salary Range

\$ From	\$ To	Number of Employees
100,000	110,000	1
110,000	119,999	
120,000	129,999	1
130,000	139,999	
140,000	149,999	
Total		2

Public Interest Disclosures

The *Public Interest Disclosures Act 2003* facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer has complied with all obligations under the Act including:

- Appointing the Governance and Project Officer as the Public Interest Disclosure officer for the organisation and publishing an internal procedure relating to the Shire's obligation.
- Providing protection from detrimental action or the threat of detrimental action for an employee of the Shire who makes an appropriate disclosure of public interest information.

In the 2017-18 financial year no disclosures relating to improper conduct were made to the Shire.

Local Government (Rules of Conduct) Regulations 2007 - Complaints Register

These regulations require the reporting of various offences by elected members, as prescribed by the Regulations. Elected members must comply with their obligations under the *Local Government Act 1995* and subsidiary legislation. Complaints about elected member conduct are to be made to the Complaints Officer, who in accordance with section 5.120 of the *Local Government Act 1995*, must be a designated senior employee. The Shire's Complaints Officer is the Chief Executive Officer.

Section 5.121 of the *Local Government Act 1995* requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members.

There were no formal complaints lodged against elected members in the year under review.



SHIRE OF CORRIGIN
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018



SHIRE OF CORRIGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

TABLE OF CONTENTS

Statement by Chief Executive Officer	30
Statement of Comprehensive Income by Nature or Type	31
Statement of Comprehensive Income by Program	32
Statement of Financial Position	33
Statement of Changes in Equity	34
Statement of Cash Flows	35
Rate Setting Statement	36
Notes to and forming part of the Financial Report	37
Independent Auditor's Report	79

COMMUNITY VISION

Strengthening our community now to grow and prosper into the future

Principal place of business:

Shire of Corrigin
9 Lynch Street
Corrigin WA 6375

**SHIRE OF CORRIGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Corrigin for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Corrigin at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 17th day of December 2018



Chief Executive Officer

Natalie Manton

Name of Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	20(a)	2,479,028	2,476,944	2,341,768
Operating grants, subsidies and contributions	2(a)	2,272,490	1,468,553	3,378,979
Fees and charges	2(a)	586,917	564,906	559,470
Interest earnings	2(a)	50,701	49,972	47,954
Other revenue	2(a)	2,063,534	9,050	126,232
		<u>7,452,670</u>	<u>4,569,425</u>	<u>6,454,403</u>
Expenses				
Employee costs		(1,976,292)	(2,303,492)	(2,107,719)
Materials and contracts		(4,333,290)	(1,969,914)	(1,074,833)
Utility charges		(278,527)	(352,260)	(298,089)
Depreciation on non-current assets	9(b)	(3,236,753)	(3,367,107)	(3,220,784)
Interest expenses	2(a)	(94,345)	(103,444)	(99,019)
Insurance expenses		(229,148)	(226,906)	(242,566)
Other expenditure		(112,370)	(90,254)	(123,000)
		<u>(10,260,725)</u>	<u>(8,413,377)</u>	<u>(7,166,010)</u>
		(2,808,055)	(3,843,952)	(711,607)
Non-operating grants, subsidies and contributions	2(a)	1,314,957	4,218,611	1,533,068
Profit on asset disposals	9(a)	17,708	49,875	12,959
(Loss) on asset disposals	9(a)	0	(117,196)	(214,999)
Net result		(1,475,390)	307,338	619,421
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	3,341,006	0	(1,552,062)
Total other comprehensive income		3,341,006	0	(1,552,062)
Total comprehensive income		1,865,616	307,338	(972,390)

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue	2(a)			
Governance		1,520	1,840	6,933
General purpose funding		4,320,375	3,385,793	5,060,611
Law, order, public safety		51,318	44,058	46,688
Health		253,941	296,706	267,039
Education and welfare		148,506	144,532	172,159
Housing		92,040	116,120	97,403
Community amenities		214,885	212,004	187,752
Recreation and culture		58,554	86,123	162,207
Transport		2,142,420	156,924	230,736
Economic services		30,265	30,775	45,049
Other property and services		138,846	94,550	177,826
		7,452,670	4,569,425	6,454,403
Expenses	2(a)			
Governance		(654,198)	(755,914)	(620,513)
General purpose funding		(52,587)	(71,116)	(92,861)
Law, order, public safety		(128,353)	(151,271)	(132,513)
Health		(477,323)	(678,809)	(607,671)
Education and welfare		(312,030)	(309,510)	(317,573)
Housing		(135,117)	(193,459)	(125,377)
Community amenities		(508,504)	(614,763)	(493,298)
Recreation and culture		(1,496,515)	(1,637,965)	(1,497,257)
Transport		(6,003,019)	(3,392,744)	(2,761,228)
Economic services		(285,952)	(430,114)	(288,938)
Other property and services		(112,782)	(74,268)	(129,762)
		(10,166,380)	(8,309,933)	(7,066,991)
Finance Costs	2(a)			
Community amenities		(5,452)	(8,703)	(12,937)
Recreation and culture		(88,893)	(94,741)	(86,082)
		(94,345)	(103,444)	(99,019)
		(2,808,055)	(3,843,952)	(711,607)
Non-operating grants, subsidies and contributions	2(a)	1,314,957	4,218,611	1,533,068
Profit on disposal of assets	9(a)	17,708	49,875	12,959
(Loss) on disposal of assets	9(a)	0	(117,196)	(214,999)
		1,332,665	4,151,290	1,331,028
Net result		(1,475,390)	307,338	619,421
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	3,341,006	0	(1,552,062)
Total other comprehensive income		3,341,006	0	(1,552,062)
Total comprehensive income		1,865,616	307,338	(972,390)

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3	2,086,905	2,736,430
Trade and other receivables	5	799,977	601,967
Inventories	6	250,508	105,130
TOTAL CURRENT ASSETS		3,137,390	3,443,527
NON-CURRENT ASSETS			
Other receivables	5	9,832	7,530
Inventories	6	1,570,000	1,570,000
Property, plant and equipment	7	27,545,279	28,430,206
Infrastructure	8	122,025,305	119,030,768
TOTAL NON-CURRENT ASSETS		151,150,416	149,038,504
TOTAL ASSETS		154,287,806	152,482,031
CURRENT LIABILITIES			
Trade and other payables	11	500,430	328,301
Current portion of long term borrowings	12(a)	123,743	164,702
Provisions	13	443,070	507,049
TOTAL CURRENT LIABILITIES		1,067,243	1,000,052
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	1,656,922	1,780,665
Provisions	13	49,785	53,074
TOTAL NON-CURRENT LIABILITIES		1,706,707	1,833,739
TOTAL LIABILITIES		2,773,950	2,833,791
NET ASSETS		151,513,856	149,648,240
EQUITY			
Retained surplus		32,545,477	34,067,644
Reserves - cash backed	4	1,420,585	1,373,808
Revaluation surplus	10	117,547,794	114,206,788
TOTAL EQUITY		151,513,856	149,648,240

This statement is to be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

		RETAINED	RESERVES CASH	REVALUATION	TOTAL
	NOTE	SURPLUS	BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		33,523,018	1,299,013	115,758,850	150,580,881
Comprehensive income					
Net result		619,421	0	0	619,421
Changes on revaluation of assets	10	0	0	(1,552,062)	(1,552,062)
Total comprehensive income		619,421	0	(1,552,062)	(932,641)
Transfers from/(to) reserves		(74,795)	74,795	0	0
Balance as at 30 June 2017		34,067,644	1,373,808	114,206,788	149,648,240
Comprehensive income					
Net result		(1,475,390)	0	0	(1,475,390)
Changes on revaluation of assets	10	0	0	3,341,006	3,341,006
Total comprehensive income		(1,475,390)	0	3,341,006	1,865,616
Transfers from/(to) reserves		(46,777)	46,777	0	0
Balance as at 30 June 2018		32,545,477	1,420,585	117,547,794	151,513,856

This statement is to be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,470,746	2,501,944	2,307,326
Operating grants, subsidies and contributions		2,244,198	1,868,553	3,104,510
Fees and charges		586,917	564,906	599,470
Interest earnings		50,701	49,972	47,954
Goods and services tax		277,487	50,000	337,314
Other revenue		2,063,534	9,050	86,482
		7,693,583	5,044,425	6,483,056
Payments				
Employee costs		(2,065,510)	(2,403,492)	(2,077,449)
Materials and contracts		(4,180,847)	(1,972,657)	(1,079,438)
Utility charges		(278,527)	(352,260)	(298,089)
Interest expenses		(96,832)	(103,444)	(101,374)
Insurance expenses		(229,148)	(226,906)	(242,566)
Goods and services tax		(572,480)	0	(394,239)
Other expenditure		(112,370)	(90,254)	(121,608)
		(7,535,714)	(5,149,013)	(4,314,763)
Net cash provided by (used in)				
operating activities	14	157,869	(104,588)	2,168,293
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(280,523)	(614,574)	(448,493)
Payments for construction of infrastructure		(1,724,834)	(4,215,396)	(2,647,460)
Non-operating grants, subsidies and contributions		1,314,957	4,218,611	1,572,817
Proceeds from land held for resale and fixed assets		47,708	418,000	122,144
Net cash provided by (used in)				
investment activities		(642,692)	(193,359)	(1,400,992)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(164,702)	(164,702)	(155,954)
Net cash provided by (used in)				
financing activities		(164,702)	(164,702)	(155,954)
Net increase (decrease) in cash held		(649,525)	(462,649)	611,347
Cash at beginning of year		2,736,430	2,736,428	2,125,083
Cash and cash equivalents				
at the end of the year	14	2,086,905	2,273,779	2,736,430

This statement is to be read in conjunction with the accompanying notes.

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus		1,174,369	1,160,817	321,193
		1,174,369	1,160,817	321,193
Revenue from operating activities (excluding rates)				
Governance		1,520	1,840	6,933
General purpose funding		1,841,347	908,849	2,718,843
Law, order, public safety		51,318	44,058	46,688
Health		253,941	296,706	267,810
Education and welfare		148,506	144,532	172,159
Housing		92,040	116,120	97,403
Community amenities		214,885	212,004	187,752
Recreation and culture		58,554	86,123	162,207
Transport		2,142,420	166,979	230,736
Economic services		30,265	30,775	45,049
Other property and services		156,554	134,370	190,014
		4,991,350	2,142,356	4,125,594
Expenditure from operating activities				
Governance		(654,198)	(755,914)	(620,513)
General purpose funding		(52,587)	(71,116)	(92,861)
Law, order, public safety		(128,353)	(151,271)	(132,513)
Health		(477,323)	(678,881)	(607,671)
Education and welfare		(312,030)	(309,510)	(317,573)
Housing		(135,117)	(236,909)	(125,377)
Community amenities		(513,956)	(623,466)	(506,235)
Recreation and culture		(1,585,408)	(1,732,706)	(1,793,318)
Transport		(6,003,019)	(3,466,418)	(2,761,228)
Economic services		(285,952)	(430,114)	(288,938)
Other property and services		(112,782)	(74,268)	(134,782)
		(10,260,725)	(8,530,573)	(7,381,009)
Operating activities excluded				
(Profit) on disposal of assets	9(a)	(17,708)	(49,875)	(12,959)
Loss on disposal of assets	9(a)	0	117,196	214,999
Movement in deferred pensioner rates (non-current)		(2,304)	0	0
Movement in employee benefit provisions (non-current)		(3,289)	0	15,489
Depreciation and amortisation on assets	9(b)	3,236,753	3,367,107	3,220,784
Amount attributable to operating activities		(881,554)	(1,792,972)	504,091
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,314,957	4,218,611	1,533,068
Proceeds from disposal of assets	9(a)	47,708	418,000	122,144
Purchase of property, plant and equipment	7(b)	(280,523)	(614,574)	(448,493)
Purchase and construction of infrastructure	8(b)	(1,724,834)	(4,215,396)	(2,647,460)
Amount attributable to investing activities		(642,692)	(193,359)	(1,440,741)
FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(164,702)	(164,702)	(155,954)
Transfers to reserves (restricted assets)	4	(104,077)	(425,438)	(402,021)
Transfers from reserves (restricted assets)	4	57,300	99,527	327,226
Amount attributable to financing activities		(211,479)	(490,613)	(230,749)
Surplus(deficiency) before general rates		(1,735,725)	(2,476,944)	(1,167,399)
Total amount raised from general rates	20	2,479,028	2,476,944	2,341,768
Net current assets at June 30 c/fwd - surplus	21	743,303	0	1,174,369

This statement is to be read in conjunction with the accompanying notes.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirement of AASB 1051 Land Under Roads paragraph 15 AASB 116 Property, Plant and Equipment paragraph 7.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 23 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

	2018 Actual	2017 Actual
	\$	\$
Significant revenue		
WANDRRA Event AGRN 743	1,983,738	39,749
Other revenue		
Reimbursements and recoveries	2,026,612	66,549
Other	36,922	59,683
	2,063,534	126,232
Fees and Charges		
General purpose funding	36,269	34,457
Law, order, public safety	8,273	10,701
Health	23,460	24,358
Education and welfare	26,817	34,414
Housing	104,299	96,812
Community amenities	214,885	187,752
Recreation and culture	46,216	52,458
Transport	24,139	27,117
Economic services	29,607	34,352
Other property and services	72,953	57,049
	586,917	559,470

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

Grants, subsidies and contributions are included as operating and non-operating revenues in the Statement of Comprehensive Income:

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	840	77
General purpose funding	1,754,377	2,636,431
Law, order, public safety	43,046	35,988
Health	229,606	242,681
Education and welfare	115,689	129,326
Housing	568	591
Recreation and culture	4,554	108,301
Transport	90,600	163,870
Other property and services	33,210	61,714
	<hr/> 2,272,490	<hr/> 3,378,979
Non-operating grants, subsidies and contributions		
Law, order, public safety	148,537	0
Education and welfare	23,123	1,479
Recreation and culture	18,224	68,292
Transport	1,121,521	1,461,479
Economic services	3,552	1,818
	<hr/> 1,314,957	<hr/> 1,533,068
Total grants, subsidies and contributions	<hr/> 3,587,447	<hr/> 4,912,047

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, Donations and Other Contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

2. REVENUE AND EXPENSES (Continued)

	2018 Actual \$	2018 Budget \$	2017 Actual \$
Interest earnings			
- Loans receivable - clubs/institutions			
- Reserve funds	31,204	36,262	31,649
- Other funds	1,429	1,500	1,150
Other interest revenue (refer note 20(c))	18,068	12,210	15,155
	<u>50,701</u>	<u>49,972</u>	<u>47,954</u>

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2018 \$	2017 \$
Significant expense		
WANDRRA Event AGRN 743	2,798,580	0

In 2018, the Shire undertook significant repairs due to flood damage which has been reported under "Materials and Contracts" in the Statement of Comprehensive Income by Nature and Type and "Transport" in the Statement of Comprehensive Income by Program.

Auditors remuneration

- Audit of the Annual Financial Report	20,326	15,000
- Other Services	18,200	9,410
	<u>38,526</u>	<u>24,410</u>

Interest expenses (finance costs)

Long term borrowings (refer Note 12(a))	94,345	99,019
	<u>94,345</u>	<u>99,019</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		666,320	1,362,622
Restricted		1,420,585	1,373,808
		<hr/> 2,086,905	<hr/> 2,736,430
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Entitlement Reserve	4	134,308	131,328
Community Bus Reserve	4	43,005	22,462
Staff Housing Reserve	4	220,610	215,715
Office Equipment Reserve	4	1,468	25,921
Plant Replacement Reserve	4	540,312	528,322
Swimming Pool Reserve	4	538	25,991
Roadworks Reserve	4	240,121	234,793
Land Subdivision Reserve	4	50,179	49,066
Townscape Reserve	4	2,553	2,497
Medical Reserve	4	4,540	4,440
LGCHP Long Term Maintenance Reserve	4	3,767	9,854
Community Development Reserve	4	172	168
Rockview Land Reserve	4	4,672	3,589
Senior Citizens Units	4	40,487	20,000
Town Hall Reserve	4	93,113	81,253
Child Care Reserve	4	39	36
Bendering Tip	4	40,701	18,373
		<hr/> 1,420,585	<hr/> 1,373,808

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

Cash and cash equivalents (Continued)

of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employee Entitlement Reserve	131,328	2,980	0	134,308	131,328	3,591	0	134,919	118,443	12,885	0	131,328
Community Bus Reserve	22,462	20,543	0	43,005	22,462	20,614	0	43,076	12,166	10,296	0	22,462
Staff Housing Reserve	215,715	4,895	0	220,610	215,715	255,898	(26,027)	445,586	70,009	145,706	0	215,715
Office Equipment Reserve	25,921	547	(25,000)	1,468	25,921	709	(25,000)	1,630	899	25,022	0	25,921
Plant Replacement Reserve	528,322	11,990	0	540,312	528,322	14,446	0	542,768	411,301	117,021	0	528,322
Swimming Pool Reserve	25,991	547	(26,000)	538	25,991	711	(26,000)	702	967	25,024	0	25,991
Roadworks Reserve	234,793	5,328	0	240,121	234,793	6,420	0	241,213	548,652	13,367	(327,226)	234,793
Land Subdivision Reserve	49,066	1,113	0	50,179	49,066	1,342	0	50,408	47,899	1,167	0	49,066
Townscape Reserve	2,497	56	0	2,553	2,497	68	0	2,565	2,438	59	0	2,497
Medical Reserve	4,440	100	0	4,540	4,440	121	0	4,561	4,334	106	0	4,440
LGCHP Long Term Maintenance Reserve	9,854	213	(6,300)	3,767	9,854	269	(7,500)	2,623	9,620	234	0	9,854
Community Development Reserve	168	4	0	172	168	5	0	173	164	4	0	168
Rockview Land Reserve	3,589	1,083	0	4,672	3,589	1,098	0	4,687	2,528	1,061	0	3,589
Senior Citizens Units	20,000	20,487	0	40,487	20,000	20,547	0	40,547	0	20,000	0	20,000
Town Hall Reserve	81,253	11,860	0	93,113	81,253	12,222	(15,000)	78,474	69,558	11,695	0	81,253
Child Care Reserve	36	3	0	39	38	1	0	39	35	1	0	36
Bendering Tip	18,373	22,328	0	40,701	18,373	22,377	0	40,749	0	18,373	0	18,373
Bowling Club Reserve	0	0	0	0	0	65,000	0	65,000	0	0	0	0
	1,373,808	104,077	(57,300)	1,420,585	1,373,808	425,438	(99,527)	1,699,719	1,299,013	402,021	(327,226)	1,373,808

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Employee Entitlement Reserve	June 2019	To be used to fund employee Entitlement requirements.
Community Bus Reserve	July 2019	To be used to fund the continual purchase of a community bus.
Staff Housing Reserve	July 2019	To be used for the construction and maintenace of staff housing.
Office Equipment Reserve	July 2019	To be used for the purchase of office equipment
Plant Replacement Reserve	July 2019	To be used to the purchase of major plant items
Swimming Pool Reserve	July 2019	To be used for the construction and maintenace of the swimming pool facility.
Roadworks Reserve	July 2019	To be used to fund the construction of roads and or verge / footpaths within the Shire of Corrigin.
Land Subdivision Reserve	July 2019	To be used to fund the purchase and development of land for sub division and other purposes that benefits the community.
Townscape Reserve	July 2019	To be used for the continual upgrade of townscape facilities
Medical Reserve	July 2019	To be used for the continual upgrade of medical facilities within the Shire of Corrigin
LGCHP Long Term Maintenance Reserve	July 2019	To be used to fund the long term maintenance of the joint venture housing.
Community Development Reserve	July 2019	To be used for the continual upgrade of various community facilities in Corrigin
Rockview Land Reserve	July 2019	To be used to fund the development of the Rockview land project.
Senior Citizens Units	July 2019	To be used to construction of aged care accomodation and facilities within Corrigin
Town Hall Reserve	July 2019	To be used for the planning, maintenance and upgrade of the Corrigin Town Hall Building
Child Care Reserve	July 2019	To be used for the provision of child care facilities and services.
Bendering Tip	July 2019	To be used for the continual upgrade and expansion of the Bendering Tip site.
Bowling Club Upgrade Reserve	June 2019	To be used to fund the construction of the Bowling Club facility and greens.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

5. TRADE AND OTHER RECEIVABLES

Current

	2018 \$	2017 \$
Rates outstanding	118,192	112,212
Sundry debtors	522,093	493,396
GST receivable	163,738	0
Accrued Income/Payments in Advance	39,344	39,749
Provision for Doubtful Debts	(43,390)	(43,390)
	799,977	601,967

Non-current

Rates outstanding - pensioners	9,832	7,530
	9,832	7,530

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:

Past due and not impaired

- 1 to 5 years	74,802	68,822
Impaired	43,390	43,390

Sundry debtors

Includes:

Past due and not impaired

- up to one month	1,424	226,531
- 1 to 3 months	76	261,649
- 1 to 5 years	2,427	8,639
- more than 5 years	0	0
Impaired	0	0

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Classification and subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6. INVENTORIES

Current

Fuel, Oil & Materials on Hand at cost

Land held for resale - cost

Non-current

Land held for resale - cost

	2018 \$	2017 \$
Fuel, Oil & Materials on Hand at cost	220,508	45,130
Land held for resale - cost	30,000	60,000
	<hr/> 250,508	<hr/> 105,130
Land held for resale - cost	1,570,000	1,570,000
	<hr/> 1,570,000	<hr/> 1,570,000

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for sale (Continued)

Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for sale is classified as current except where it is held as non-current based on the Council's intentions to release for sale.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

7 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018 \$	2017 \$
Land - freehold land at:		
- Management valuation 2017 - level 3	86,904	86,904
- Independent valuation 2017 - level 2	1,801,000	1,801,000
- Independent valuation 2017 - level 3	220,000	220,000
	<u>2,107,904</u>	<u>2,107,904</u>
Land - vested in and under the control of Council at:		
- Management valuation 2017 - level 3	643,210	643,210
	<u>643,210</u>	<u>643,210</u>
Total land	<u>2,751,114</u>	<u>2,751,114</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 2	3,914,000	3,914,000
- Independent valuation 2017 - level 3	15,204,150	15,204,150
- Management valuation 2017 - level 3	2,597,262	2,597,262
- Additions after valuation - cost	168,985	0
Less: accumulated depreciation	(769,226)	0
	<u>21,115,171</u>	<u>21,715,412</u>
Total buildings	<u>21,115,171</u>	<u>21,715,412</u>
Total land and buildings	<u>23,866,285</u>	<u>24,466,526</u>
Furniture and equipment at:		
- Independent valuation 2016 - level 3	231,644	231,644
- Additions after valuation - cost	127,814	83,942
Less: accumulated depreciation	(50,111)	(25,711)
	<u>309,347</u>	<u>289,875</u>
Plant and equipment at:		
- Independent valuation 2016 - level 3	59,652	59,652
- Independent valuation 2016 - level 2	3,411,217	3,411,217
- Management valuation 2016 - level 3	411,350	411,350
- Additions after valuation - cost	216,969	149,304
Less: accumulated depreciation	(729,541)	(357,718)
	<u>3,369,647</u>	<u>3,673,805</u>
Total property, plant and equipment	<u>27,545,279</u>	<u>28,430,206</u>

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	2,043,895	643,210	2,687,105	20,714,710	20,714,710	23,401,815	231,644	4,002,178	27,635,637
Additions	0	0	0	215,247	215,247	215,247	83,942	149,304	448,493
(Disposals)	0	0	0	(209,979)	(209,979)	(209,979)	0	(114,205)	(324,184)
Revaluation increments/ (decrements) transferred to revaluation surplus	64,009	0	64,009	1,806,543	1,806,543	1,870,552	0	0	1,870,552
Depreciation (expense)	0	0	0	(811,109)	(811,109)	(811,109)	(25,711)	(363,472)	(1,200,292)
Carrying amount at 30 June 2017	2,107,904	643,210	2,751,114	21,715,412	21,715,412	24,466,526	289,875	3,673,805	28,430,206
Additions	0	0	0	168,985	168,985	168,985	43,872	67,666	280,523
Depreciation (expense)	0	0	0	(769,226)	(769,226)	(769,226)	(24,400)	(371,824)	(1,165,450)
Carrying amount at 30 June 2018	2,107,904	643,210	2,751,114	21,115,171	21,115,171	23,866,285	309,347	3,369,647	27,545,279

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent Registered valuers	June 2017	Price Per hectare.
Land - freehold land	3	Cost approach using depreciated replacement cost	Independent Registered valuers / Management Valuation	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Registered valuers / Management Valuation	June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Buildings - specialised	2	Market approach using recent observable market data for similar properties	Independent Registered valuers	June 2017	Price per square metre
Furniture and equipment	3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Independent / Management Valuation 2016	3	Cost approach using depreciated replacement cost	Independent Registered Valuation / Management Valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Independent valuation 2016	2	Market approach using recent sale type observable market data for similar asset.	Independent Registered valuers	June 2016	Market Price per item.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2018 - level 3	103,749,454	0
- Management valuation 2015 - level 3	0	104,366,041
- Additions after valuation - cost	0	5,404,735
Road Impairment	0	(3,422,614)
Less: accumulated depreciation	0	(2,446,668)
	<u>103,749,454</u>	<u>103,901,494</u>
Infrastructure - Footpaths		
- Management valuation 2018 - level 3	738,920	0
- Management valuation 2015 - level 3	0	373,801
- Additions after valuation - cost	0	65,513
Less: accumulated depreciation	0	(42,608)
	<u>738,920</u>	<u>396,706</u>
Infrastructure - Drainage		
- Management valuation 2018 - level 3	11,184,631	0
- Management valuation 2015 - level 3	0	10,146,049
Less: accumulated depreciation	0	(671,380)
	<u>11,184,631</u>	<u>9,474,669</u>
Infrastructure - Parks & Ovals		
- Independent valuation 2018 - level 3	6,352,300	0
- Management valuation 2015 - level 3	0	5,363,307
- Additions after valuation - cost	0	632,836
Less: accumulated depreciation	0	(738,244)
	<u>6,352,300</u>	<u>5,257,899</u>
Total infrastructure	<u>122,025,305</u>	<u>119,030,768</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks & Ovals	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2016	106,386,271	352,499	9,810,504	5,277,140	121,826,414
Additions	2,229,736	65,513	0	352,211	2,647,460
Impairment (losses)/reversals	(3,422,614)	0	0	0	(3,422,614)
Depreciation (expense)	(1,291,899)	(21,306)	(335,835)	(371,452)	(2,020,492)
Carrying amount at 30 June 2017	103,901,494	396,706	9,474,669	5,257,899	119,030,768
Additions	1,200,890	150,514	0	373,430	1,724,834
Revaluation increments/ (decrements) transferred to revaluation surplus	(138,279)	216,741	2,045,796	1,216,748	3,341,006
Depreciation (expense)	(1,347,918)	(25,041)	(335,834)	(362,510)	(2,071,303)
Transfers	133,267	0	0	(133,267)	0
Carrying amount at 30 June 2018	103,749,454	738,920	11,184,631	6,352,300	122,025,305

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2) residual values and remaining useful life assessment (level 3) Inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2) residual values and remaining useful life assessment (level 3) Inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2) residual values and remaining useful life assessment (level 3) Inputs
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction costs and current condition (level 2) residual values and remaining useful life assessment (level 3) Inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Health								
EHO Vehicle	0	0	0	0	15,072	15,000	0	(72)
Housing								
32 Camm Street, Corrigin	0	0	0	0	293,450	250,000	0	(43,450)
Transport								
Water Truck	0	0	0	0	93,674	20,000	0	(73,674)
Tipper	0	0	0	0	12,945	23,000	10,055	0
Metro Counters	0	4,050	4,050	0	0	0	0	0
Other property and services								
DCEO Vehicle	0	0	0	0	10,180	20,000	9,820	0
Land Held for Resale - Granite Rise	30,000	43,658	13,658	0	60,000	90,000	30,000	0
	30,000	47,708	17,708	0	485,321	418,000	49,875	(117,196)

(b) Depreciation

	2018 \$	2017 \$
Buildings - specialised	769,226	811,109
Furniture and equipment	24,400	25,711
Plant and equipment	371,824	363,472
Infrastructure - Roads	1,347,918	1,291,899
Infrastructure - Footpaths	25,041	21,306
Infrastructure - Drainage	335,834	335,835
Infrastructure - Parks & Ovals	362,510	371,452
	3,236,753	3,220,784

9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Buildings - specialised	30-50 Years
Furniture and equipment	10 Years
Plant and equipment	5-15 Years
Infrastructure - Roads Base	50 years
Infrastructure - Bituminous seals	20 Years
Infrastructure - Asphalt Surfaces	25 Years
Infrastructure - Drainage	75 Years
Infrastructure - Parks and Ovals	20 - 40 Years
Infrastructure - Sewerage	100 Years
Infrastructure - Other	20 - 40 Years

Depreciation (Continued)

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus -Buildings - specialised	12,600,700	0	0	0	12,600,700	10,730,148	1,870,552	0	1,870,552	12,600,700
Revaluation surplus -Furniture and equipment	84,719	0	0	0	84,719	84,719	0	0	0	84,719
Revaluation surplus -Plant and equipment	307,766	0	0	0	307,766	307,766	0	0	0	307,766
Revaluation surplus - Infrastructure - Roads	86,953,905	0	(138,279)	(138,279)	86,815,626	90,376,519	0	(3,422,614)	(3,422,614)	86,953,905
Revaluation surplus - Infrastructure - Footpaths	61,789	216,741	0	216,741	278,530	61,789	0	0	0	61,789
Revaluation surplus - Infrastructure - Drainage	10,021,829	2,045,796	0	2,045,796	12,067,625	10,021,829	0	0	0	10,021,829
Revaluation surplus - Infrastructure - Parks & Ovals	4,176,080	1,216,748	0	1,216,748	5,392,828	4,176,080	0	0	0	4,176,080
	114,206,788	3,479,285	(138,279)	3,341,006	117,547,794	115,758,850	1,870,552	(3,422,614)	(1,552,062)	114,206,788

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

11. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Current		
Sundry creditors	426,371	687
Accrued interest on long term borrowings	1,947	4,434
Accrued salaries and wages	36,408	58,358
ATO liabilities	3,873	135,128
Income Received in Advance	0	2,057
Accrued Expenses	31,831	127,637
	<hr/> 500,430	<hr/> 328,301

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Interest Rate	Principal 1 July 2017	New Loans	Principal Repayments Actual	Budget	Principal 30 June 2018 Actual	Budget	Interest Repayments Actual	Budget
		\$	\$	\$	\$	\$	\$	\$	\$
Community amenities									
Loan 101 - Land Subdivision	6.23%	141,708	0	93,017	93,017	48,691	48,691	7,920	8,703
Recreation and culture									
Loan 102 - Corrigin Recreation Centr	4.64%	1,803,659		71,685	71,685	1,731,974	1,731,974	86,425	94,741
		1,945,367	0	164,702	164,702	1,780,665	1,780,665	94,345	103,444

All loan repayments were financed by general purpose revenue with the Western Australian Treasury Corporation.

Borrowings

	2018 \$	2017 \$
Current	123,743	164,702
Non-current	1,656,922	1,780,665
	1,780,665	1,945,367

12. INFORMATION ON BORROWINGS (Continued)

(b) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank overdraft limit
Bank overdraft at balance date
Credit card limit
Credit card balance at balance date
Total amount of credit unused

2018	2017
\$	\$
1,500,000	100,000
0	0
20,000	30,000
(1,642)	(2,318)
1,518,358	127,682

Loan facilities

Loan facilities - current
Loan facilities - non-current
Total facilities in use at balance date

123,743	164,702
1,656,922	1,780,665
1,780,665	1,945,367

Unused loan facilities at balance date

Nil	Nil
-----	-----

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

13. PROVISIONS

Opening balance at 1 July 2017

Current provisions
Non-current provisions

Additional provision

Balance at 30 June 2018

Comprises

Current
Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
	300,579	206,470	507,049
	0	53,074	53,074
	300,579	259,544	560,123
	(7,552)	(59,716)	(67,268)
	293,027	199,828	492,855
	293,027	150,043	443,070
	0	49,785	49,785
	293,027	199,828	492,855

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Shire's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Shire's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Shire does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the Shire has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

14. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2018 Actual \$	2018 Budget \$	2017 Actual \$
Cash and cash equivalents	2,086,905	2,273,779	2,736,430

**Reconciliation of Net Cash Provided By
Operating Activities to Net Result**

Net result	(1,475,390)	307,338	619,421
Non-cash flows in Net result:			
Provision for Doubtful Debts	0	0	41,390
Depreciation	3,236,753	3,367,107	3,220,784
(Profit)/loss on sale of asset	(17,708)	67,321	202,040
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(200,311)	475,000	(348,661)
(Increase)/decrease in inventories	(175,379)	0	9,707
Increase/(decrease) in payables	172,129	(2,743)	(28,536)
Increase/(decrease) in provisions	(67,268)	(100,000)	24,965
Grants contributions for the development of assets	(1,314,957)	(4,218,611)	(1,572,817)
Net cash from operating activities	157,869	(104,588)	2,168,293

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	5,711	139,795
General purpose funding	794,341	1,063,061
Law, order, public safety	456,265	958,741
Health	1,316,699	840,642
Education and welfare	1,083,734	2,197,545
Housing	4,265,228	4,066,406
Community amenities	3,136,771	1,484,542
Recreation and culture	13,737,938	16,816,383
Transport	119,388,561	117,806,602
Economic services	1,040,661	919,140
Other property and services	5,547,605	2,549,980
Unallocated	3,514,291	3,639,194
	<hr/>	<hr/>
	154,287,806	152,482,031

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

16. JOINT ARRANGEMENTS

The Shire together with the Shires of Narembreen, Kulin and Kondinin have a joint venture arrangement with regard to the provision of an environmental health service. The only assets are a motor vehicle, Bendering Tip site and miscellaneous equipment. The Shire's one-third share of these assets are included in Property, Plant & Equipment is as follows:

	2018 \$	2017 \$
Non-current assets		
Land - Independent Valuation 2017	15,750	15,750
Cost		0
Less: accumulated depreciation	(754)	0
	<hr/> 14,996	<hr/> 15,750
 Light vehicles -Management Valuation 2016	 61,304	 61,304
Less: accumulated depreciation	(26,153)	(14,759)
	<hr/> 35,151	<hr/> 46,545

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Interests in joint arrangements (Continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

17. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2018.

18. CAPITAL AND LEASE COMMITMENTS

The Shire did not have any capital and lease commitments as at 30 June 2018.

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	Actual \$	Budget \$	Actual \$
Meeting Fees	27,188	28,318	28,000
President's allowance	7,500	7,500	7,500
Deputy President's allowance	2,000	1,875	1,750
Travelling expenses	896	1,683	896
Telecommunications allowance	6,682	7,000	7,000
	44,265	46,376	45,146

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Shire during the year are as follows:

	2018 \$	2017 \$
Short-term employee benefits	246,063	272,308
Post-employment benefits	19,538	22,174
Termination benefits	13,835	0
	279,436	294,482

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Shire's superannuation contributions made during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Transactions with related parties

Transactions between related parties, and the Shire are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	2018 \$	2017 \$
Sale of goods and services	0	0
Purchase of goods and services	1,515	19,000

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Shire

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

iii. Other related parties

Other related parties include close family members of key management personnel and entities that are controlled by these key management personnel, individually or collectively with their close family members.

20. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	2018 Total Revenue \$	2017 Total Revenue \$	Budget Rate Revenue \$	Budget Total Revenue \$
General rates									
Gross rental valuations									
Corrigin & Other Townsites	0.0921	415	4,246,848	391,309	3,304	394,613	350,181	391,309	391,309
Unimproved valuations									
Rural	0.0153	338	137,784,500	2,105,485		2,105,485	2,026,001	2,105,485	2,105,485
Sub-Total		753	142,031,348	2,496,794	3,304	2,500,098	2,376,182	2,496,794	2,496,794
Minimum payment	Minimum \$								
Gross rental valuations									
GRV - Corrigin	375	38	73,756	14,250	0	14,250	17,625	14,250	14,250
GRV - Other Townsites	200	7	2,610	1,400	0	1,400	2,000	1,400	1,400
Unimproved valuations									
Rural	375	12	88,734	4,500	0	4,500	3,750	4,500	4,500
Sub-Total		57	165,100	20,150	0	20,150	23,375	20,150	20,150
		810	142,196,448	2,516,944	3,304	2,520,248	2,399,557	2,516,944	2,516,944
Discounts/concessions (refer note 20(b))						(41,220)	(57,789)		(40,000)
Total amount raised from general rates						2,479,028	2,341,768		2,476,944

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Rates Discounts

(c) Interest Charges & Instalments

SHIRE OF CORRIGIN |

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

21. NET CURRENT ASSETS

Composition of net current assets for
the purposes of the Rate Setting Statement

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus 1 July brought forward	743,303	1,174,369	1,174,369
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	666,320	1,362,622	1,362,622
Restricted	1,420,585	1,373,808	1,373,808
Receivables			
Rates outstanding	118,192	112,212	112,212
Sundry debtors	522,093	493,396	493,396
GST receivable	163,738	0	0
Accrued Income/Payments in Advance	39,344	39,749	39,749
Provision for Doubtful Debts	(43,390)	(43,390)	(43,390)
Inventories			
Fuel, Oil & Materials on Hand at cost	220,508	45,130	45,130
Land held for resale - cost	30,000	60,000	60,000
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(426,371)	(687)	(687)
Accrued interest on long term borrowings	(1,947)	(4,434)	(4,434)
Accrued salaries and wages	(36,408)	(58,358)	(58,358)
ATO liabilities	(3,873)	(135,128)	(135,128)
Income Received in Advance	0	(2,057)	(2,057)
Accrued Expenses	(31,831)	(127,637)	(127,637)
Current portion of long term borrowings	(123,743)	(164,702)	(164,702)
Provisions			
Provision for annual leave	(293,027)	(300,579)	(300,579)
Provision for long service leave	(150,043)	(206,470)	(206,470)
Unadjusted net current assets	2,070,147	2,443,475	2,443,475
Adjustments			
Less: Reserves - restricted cash	(1,420,587)	(1,373,808)	(1,373,808)
Less: Land held for resale - cost	(30,000)	(60,000)	(60,000)
Add: Current portion of long term borrowings	123,743	164,702	164,702
Adjusted net current assets - surplus	743,303	1,174,369	1,174,369

Difference

There was no difference between the surplus 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

22. FINANCIAL RISK MANAGEMENT

The Shire's activities expose it to a variety of financial risks including credit risk, liquidity risk and interest rate risk. The Shire's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Shire.

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,086,905	2,736,430	2,086,905	2,736,430
Receivables	809,809	609,497	809,809	609,497
	<u>2,896,714</u>	<u>3,345,927</u>	<u>2,896,714</u>	<u>3,345,927</u>
Financial liabilities				
Payables	500,430	328,301	500,430	328,301
Borrowings	1,780,665	1,945,367	1,949,964	2,104,167
	<u>2,281,095</u>	<u>2,273,668</u>	<u>2,450,394</u>	<u>2,432,468</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

22. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	20,869	27,364
- Statement of Comprehensive Income	20,869	27,364

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible interest rate movements.

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	99%	45%
- Overdue	1%	55%

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2018					
Payables	500,430	0	0	500,430	500,430
Borrowings	204,763	618,210	1,700,078	2,523,051	1,780,665
	705,193	618,210	1,700,078	3,023,481	2,281,095
2017					
Payables	328,301	0	0	328,301	328,301
Borrowings	254,972	668,420	1,545,526	2,468,918	1,945,367
	583,273	668,420	1,545,526	2,797,219	2,273,668

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Year ended 30 June 2018	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Borrowings								
Fixed rate								
Long term borrowings	48,691	0	0	0	0	1,731,974	1,780,665	4.51%
Weighted average Effective interest rate	6.23%	0.00%	0.00%	0.00%	0.00%	4.64%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	0	141,709	0	0	0	1,803,658	1,945,367	4.76%
Weighted average Effective interest rate	0.00%	6.23%	0.00%	0.00%	0.00%	4.64%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

23. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
B.C.I.T.F	(1)	590	(589)	0
BRB	43	1,876	(1,919)	0
Bus Ticketing	41	2,004	(1,866)	179
Nomination Fees	0	(560)	560	0
Police Licensing	21,137	636,379	(635,454)	22,062
Single Persons Units - Bonds	308	0	0	308
Corrigin Community Development Fund	19,103	25,346	(4,873)	39,576
Friends of the Cemetery	2,510	0	0	2,510
Edna Stevenson Educational Trust	931,427	9,310	0	940,737
Corrigin Disaster Fund	10,929	0	0	10,929
Facility Bonds	15,035	(12,360)	8,504	11,179
Council Nomination Bonds	50	0	0	50
Kidsports	2,682	2,000	(1,993)	2,689
	<u>1,003,264</u>			<u>1,030,219</u>

24 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

Management's assessment of the new and amended pronouncements that are relevant to the Shire, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

24 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Adoption of New and Revised Accounting Standards

During the current year, the Shire adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i)	AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii)	AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

25. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operating cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

25. OTHER SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Impairment of assets

In accordance with Australian Accounting Standards the Shire's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model ,such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

26. ACTIVITIES/PROGRAMS

Shire operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources	Administration and operation of facilities and services to members of council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services	Rates, general purpose government grants and interest revenue
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community	Supervision and enforcement of various Acts, regulations and by-laws relating to fire prevention, animal control and other aspects of public safety including emergency services
HEALTH	To provide an operational framework for environmental and community health	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance. Administration of the RoeROC health scheme and provision of various medical facilities.
EDUCATION AND WELFARE	Provide services to the elderly, children, youth and disadvantaged	Maintenance of the child minding and playgroup facility. Assistance with the occasional Day care centre and playgroup as well as donations to other voluntary services. Provision and/or support of community care programs and youth services and provision of services provided by the Community Resource Centre
HOUSING	To provide and maintain staff and rental housing	Provision and maintenance of staff, aged, rental and joint venture housing
COMMUNITY AMENITIES	To provide services required by the community	Rubbish collection services, operation of rubbish disposal sites, litter control, administration of town planning schemes. Administration and maintenance of cemetery and public conveniences and Shire water drainage and community bus.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community	Maintenance of public halls, aquatic centres, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens, reserves and playgrounds. Provision of library services and the support of other heritage and cultural facilities and services.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, airstrip, bridges and traffic control. Cleaning of streets and maintenance of street trees, street lighting, etc. Provision of police licensing services.
ECONOMIC SERVICES	To help promote the shire and its economic wellbeing.	The regulation and provision of tourism, area promotion, building control and noxious weeds.
OTHER PROPERTY AND SERVICES	To monitor and control council's overhead operating accounts	Private works, plant repair and operation costs, public works overheads and administration costs.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

27. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.84	2.38	1.37
Asset consumption ratio	0.72	0.85	0.98
Asset renewal funding ratio	0.84	N/A	N/A
Asset sustainability ratio	0.50	0.96	1.27
Debt service cover ratio	2.09	9.28	0.86
Operating surplus ratio	(0.54)	(0.32)	(1.05)
Own source revenue coverage ratio	0.51	0.41	0.39

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Four of the ratios disclosed above were distorted by the following items:

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	931,278	915,267	0
Amount of Financial Assistance Grant received in prior year relating to current year.	915,267	0	876,529
Amount of reimbursement for flood damage received	1,983,738	39,749	0
Expenditure on flood damage re-instatement	2,798,580	0	0

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.84	1.33	1.37
Debt service cover ratio	1.64	5.69	4.31
Operating surplus ratio	(0.92)	(0.63)	(0.75)
Own source revenue coverage ratio	0.43	0.40	0.39

18 December 2018

Mrs Natalie Manton
Chief Executive Officer
Shire of Corrigin
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Dear Natalie

AUDIT OF SHIRE OF CORRIGIN FOR THE YEAR ENDED 30 JUNE 2018

We advise that we have completed the audit of your Shire for the year ended 30th June 2018 and enclose our Audit Report and a copy of the Management Report.

A copy of the Audit Report and Management Report has also been sent directly to the President, Cr Lynette Baker as is required by the Act.

We would like to take this opportunity to thank you and your staff for the assistance provided during the audit.

Please contact us if you have any queries.

Yours sincerely



Greg Godwin
Partner
[Moore Stephens](http://www.moorestephens.com.au)

Encl.

INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE SHIRE OF CORRIGIN

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

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Opinion

We have audited the accompanying financial report of the Shire of Corrigin (the Shire), which comprises the Statement of Financial Position as at 30 June 2018, Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and the Rate Setting Statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Statement by Chief Executive Officer.

In our opinion, the financial report of the Shire of Corrigin:

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Shire in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Preparation

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF CORRIGIN
(CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives of the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF
THE SHIRE OF CORRIGIN
(CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) In our opinion, the following matter indicates a significant adverse trend in the financial position of the Shire:
 - i) The Operating Surplus Ratio has been below the DLGSCI standard for the past 3 years as reported in the financial report.
- b) All required information and explanations were obtained by us.
- c) All audit procedures were satisfactorily completed in conducting our audit.
- d) In our opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT

This auditor's report relates to the annual financial report of the Shire of Corrigin for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



GREG GODWIN
PARTNER

Date: 18 December 2018
Perth, WA

18 December 2018

The Shire President
Shire of Corrigin
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Dear Cr Baker

Management Report for the Year Ended 30 June 2018

We advise that we have completed our audit procedures for the year ended 30 June 2018 and enclose our Audit Report.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the Shire's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We note the following matters in relation to ratios:

- **Significant adverse trend in Operating Surplus Ratio**

The Operating Surplus Ratio represents the percentage by which the operating surplus (or deficit) differs from the Shire's own source revenue which includes rates and operating grants. A negative ratio indicates the local government is experiencing an operating deficit. A sustained period of deficits will erode the Shire's ability to service debt and maintain both its operational service level and asset base over the longer term whilst a positive ratio provides the Shire with greater flexibility in meeting operational service levels and asset management requirements.

The Shire's ratio (after adjusting for FAGS) has deteriorated in the current year from negative 0.63 to negative 0.92 and it has been negative for all of the last 3 years.

Analysis of the Shire's Statement of Comprehensive Income indicates the main reason the ratio is below target to be operating expenditure continuing to be greater than operating income.

Both Council and management will need to monitor and consider ways to improve the operating position to increase the ratio above the basic acceptable target of 0.01.

As the operating surplus level has been below the target ratio for the last 3 years, it indicates a significant adverse trend in the financial position of the Shire.

- **Downward trend in Asset Sustainability Ratio**

The Asset Sustainability Ratio (ASR) expresses capital expenditure on renewal and replacement of existing assets as a percentage of depreciation costs. It is used to identify any potential decline or improvement in asset conditions. A percentage of less than 100% on an ongoing basis indicates assets may be deteriorating at a greater rate than spending on renewal or replacement.

The Shire's ratio has declined from 0.67 to 0.5 this year and is trending downwards over the last 3 years. The 2018 ratio was impacted by a reduction in capital expenditure from \$3.1 million in the last year to \$2 million in this current year due to Shire's resources being required for flood damage repairs rather than regular asset renewal or replacement.

Based on discussions with management, this is considered to be one off as all flood repairs are expected to be completed in the next financial year.

The following matters were also noted as having a significant level of risk during our Interim Audit: -

- **Posting of Journal Entries**

Journal entries were posted without being authorised or approved by a person independent of the preparer.

A formal process is now in place to ensure all journals processed are being reviewed by a senior person independent of preparation.

- **Credit Card Agreement**

Credit card usage agreement was missing for one credit card holder.

A new credit card agreement has now been signed by the respective officer and filed in the Corporate Credit Card Register.

- **Changes to Suppliers and Payroll Master File**

An audit trail report for changes in supplier and payroll details was not printed and reviewed at each payment run.

The audit trail for any changes in suppliers' and payroll's master file is now printed and reviewed by an independent person.

We noted no other matters we wish to bring to your attention.

UNCORRECTED MISSTATEMENTS

We advise there were no uncorrected misstatements noted during our audit.

We take this opportunity to thank all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



Greg Godwin
Partner
Moore Stephens

Encl.